

## **Innovation in Human Resources**

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## **Innovation in Human Resources: the combination of HR Standards, HR Auditing and Big Data.**

**By Neil McCormick, HRM Advisory and Dr Chris Andrews, Bond University.**

There are two radical changes emerging in the human resource space that are coming from entirely different directions but are destined to collide: HR Standards and Big [HR related] Data. They are radical because they will fundamentally change the performance evaluation of HR, the teaching of the profession, and the standing and credibility of practitioners. Worldwide, there are now 25 participating countries involved in the International Standards Organisation Technical Committee (ISO TC 260) looking into HR Standards, with a further 18 countries observing. In order for data analytics to provide maximum effect in the people space there is an underlying requirement for definitions and for activity standards to allow for advanced analytics.

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If a CEO or CFO has a Head of HR who doesn't believe in HR standards – move them on. In this article we will describe two examples that demonstrate the extent of recent changes: South Africa and North America.

In 2005 the world's largest HR member organisation (SHRM) asked its members if we could have, or should have, HR Standards. That is the wrong question; HR standards are not optional. To evaluate performance a competent auditor will tell you that you have to set standards for the performance evaluation. Accountants have standards; auditors have standards, why not HR? By 2013, 91% of SHRM members responding to a survey agreed that *organisations* should have HR standards. Despite that overwhelming result, SHRM has recently stepped back from HR Standards development. That space has been taken up by the University of Texas Medical Branch (UTMB), who are also very active in the big data space.

### **Why are HR Standards important?**

In order to evaluate performance you need standards – every performance auditor understands that. Aside from performance evaluation (which is justification enough) setting HR standards improves the quality and consistency of HR practice, clarifies the value created by HR management, focuses on better practice with timely revisions to practitioner guidance, clarifies definitions and evaluation metrics and measures, identifies sources of evidence for performance evaluation and establishes a sound platform for big data analytics.

According to the Strategic Business Plan for the ISO/TC 260 Committee standards for HR will bring improvements in the quality of HR practice, leading to improvement in organisational performance,

they will clarify the value that HR creates and maintains in organisations, and provide consistent measures and processes to aid in benchmarking and evaluating the effectiveness of HR practices. There is a need for greater consistency in the terminology used in human resource management to facilitate knowledge, innovation, international trade and practice exchange.

## **Australia**

In Australia progress on National HR Standards has been proceeding slowly. Standards Australia has established a Human Resources and Employment Committee (MB-009) but output so far is minimal. Two national standards have been issued: Employment Screening (2006) and Workforce Planning (2015). One university specific project grant, obtained by QUT University, developed HR Standards for that sector. It is hardly a comprehensive approach to developing national standards.

## **Can we have comprehensive National HR Standards? South Africa has taken a big step forward.**

The South African Board for People Practices (SABPP) has developed and implemented National HR Standards from 2013 onward, covering all the major areas of HR practice. Chris Andrews was invited to attend and speak at the recently concluded SABPP 3<sup>rd</sup> National HR Standards Conference, held in Johannesburg (Sept 2015). Clearly the South Africans have broken from the pack by delivering a full

*The South African HR Standards ... are an inspiring example of innovation in HR management.*

set of national HR standards. They have used the HR Standards process to drive a strong alignment

between individual competency requirements, organisational outcomes and university teaching curriculum in human resources. By examining organisations against the national standards they are certifying that organisations comply with the standards through a streamlined HR auditing process, while elevating the standing and status of the HR profession at the same time. At the recent SABPP HR Standards Conference case studies were presented that attest to the transformative power of auditing against HR standards.

With twenty-two universities now teaching to the National HR Standards new HR graduates will enter the profession with HR standards as the *foundation of professional practice*. The South African National HR Standards and the related HR Auditing program are an inspiring example of innovation in human resource management.

The keynote address at the 2015 Conference was on the topic of HR Auditing. There is worldwide interest in the SABPP approach to auditing organisations against the National Standards and from case studies highlighting the progress that has been made. In meetings with professional auditors and the Institute of Internal Auditors South Africa (IIASA), the case for close collaboration between the professions of HR and Auditing has been made and accepted.

## **United States**

The work of SHRM on HR standards progressed slowly and they have now stepped back from standards development. That space has been taken up by the University of Texas Medical Branch (UTMB), who are proceeding with the development of U.S. HR Standards, and a separate standard

on Health Care Administration. Significantly, UTMB Executive Dr Ronald McKinley also chairs the ISO/TC260 Committee. UTMB have actively embraced the general objectives of the ISO TC/260 Committee and recognise the global need for HR Standards, with a particular emphasis on improving health outcomes. The implications of the UTMB work for Australia lie in two areas:

- the general work on data dictionaries, HR Frameworks, HR activity standards and workforce optimisation, and
- the emphasis on improving health outcomes through workforce optimisation in the health sector.

## **Big Data**

Big data, or more specifically what one can do through the analysis and subsequent implementation of appropriate interventions, has been lauded as the panacea of the world's ills. This may be so; in time. We are currently a long way from understanding what it is we don't understand about the plethora of information available. In some circles workforce data allows for "flexibility" when it comes to reporting, whether that is the basics of the calculation of Full Time Equivalent (FTE) staff numbers, or budgeted Establishment. Many organisations cannot get this basic workforce data correct let alone make use of more complex data sets. The original information capture on workforce has been driven by compliance requirements and financial/payroll concerns. Go beyond the basics and the information quality and integrity is questionable. Throw in the complexity of individual capability and organisational need and the quality of organisational data is marginal. What hope do we have if collectively we cannot get the basics right?

There is a need to recognise the low base from which we are coming and to fix the foundation data capture and management. We should also recognise the organisational risks the current quality of data pose. Through the development of HR Standards we are also refining terminology and the data points that should be captured. This will allow us to normalise data sets. At the least we will have consistent terminology and meaning but the quality of data would still be problematic. To address this issue a *Workforce Data Integrity Standard* would go a long way to highlighting the need for risk mitigation and the steps one can take to ensure data quality.

Now for the good news.

Standards go part of the way to delivering impactful, improved delivery of objectives for organisations. However, individual standards alone will not optimise the outcomes workforce deliver. The key to ensuring that the application of standards has a positive impact is to ensure the collective standards are framed in such a way as to continually focus not just on the activities and outputs of each standard but on the organisational objectives themselves.

e.g. take Recruitment for example.

Within HR appropriate measures could be: the total number of hires, the time to fill, the cost per hire and the turnover of new recruits. These are interesting in terms of HR activity but not at all interesting in terms of organisational objectives. The key question from an organisational objective viewpoint is: has the targeted number of recruits been hired and have they collectively and individually delivered against the assigned organisational objectives sufficiently and within financial parameters?

## Global Healthcare

The push to focus on objectives and frame activity based Standards in terms of the delivery of objectives is evident in a major collaboration in the Healthcare sector. *HealthVizion Inc* is the organisation launching this global collaborative of health care providers. The key deliverable of the collaborative is the optimisation of workforce to enhance patient outcomes and improve overall healthcare performance. This program will have global participation and prior to official launch has over 60 participating hospital groups. The core activity of the collaborative is to find ways to improve patient outcomes and workforce performance through a big data analysis of workforce metric and patient outcome data. The three key areas of improvement targeted are the three E's of: economy, efficiency and effectiveness. By analysing normalised data across multiple patient outcomes on a global footprint, against upwards of 120 workforce metrics we will have the opportunity to compare, analyse, improve and optimise performance. For example, in August 2015, HealthVizion Inc launched a *Value Based Purchasing Collaborative* in the U.S. to drive better outcomes of care while reducing costs and creating efficiencies.

### Summary

HR Standards are rebuilding the profession from the ground up – as a HR Director it is one change that you should not ignore. When HR Standards are combined with big data in the form of advanced analytics, expect to see fundamental changes in the HR profession emerge. Graduating HR students from South Africa will shortly emerge from their studies having grown up with HR standards as the core of the profession. The HR standards message is now spreading globally - so don't let your organisation get left behind.

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**SABPP** <http://sabpp.co.za/hr-standards/>

**UTMB Healthcare Administration:** <http://www.utmb.edu/newsroom/article10412.aspx>)

**HealthVizion:** [www.healthVizion.com](http://www.healthVizion.com)

**HR Standards: Australia and Worldwide:** [www.hrstandards.com.au](http://www.hrstandards.com.au)

**HRM Advisory:** <https://hrmadvisory.com/>